

## Message Text

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61

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 /017 W  
----- 054850

R 260956Z FEB 75  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 7128  
USDOC WASHDC  
INFO AMCONSUL BOMBAY  
AMCONSUL CALCUTTA  
AMCONSUL MADRAS

UNCLAS NEW DELHI 2660

STATE FOR MORLEY, NEA/INS

COMMERCE FOR ADERHOLD, BIC/OIM

E.O. 11652: N/A

TAGS: BEXP, IN

SUBJ: GOI AUTHORIZES IMPORT OF CAPTIVE POWER PLANT  
FOR HINDUSTAN ALUMINUM

1. HINDUSTAN ALUMINUM, A BIRLA COMPANY, HAS RECEIVED PERMISSION FROM THE GOI TO IMPORT AN 80 MW COAL-FIRED CAPTIVE POWER UNIT FOR ITS PLANT IN MIRZAPUR, UTTAR PRADESH STATE. ACCORDING TO G.D. BIRLA, GOI WILL PERMIT PURCHASE FROM A HARD CURRENCY SUPPLIER, PROVIDED REASONABLE FINANCING CAN BE ARRANGED.

2. G.D. BIRLA WILL VISIT THE US IN MID-MARCH TO DISCUSS HIS POWER REQUIREMENT WITH GE AND WESTINGHOUSE IN WASHINGTON. HE WILL CALL ON WORLD BANK, EXIM BANK, AND NEA/INS. BIRLA IS ALSO INTERESTED IN POSSIBILITY OF A USED POWER PLANT FOR HINDALCO. HE ASKED THAT NEA/GINS INFORM FRANK O'BRIEN OF THE O'BRIEN MACHINERY COMPANY OF THE SIZE UNIT REQUIRED FOR HINDALCO SO THAT O'BRIEN CAN BRING SPECIFICATIONS FOR SOME SUITABLE PLANTS WHEN HE VISITS INDIA IN MARCH. BIRLA HAS HAD PRELIMINARY DISCUSSIONS WITH GE, ENGLISH ELECTRIC AND SUPPLIERS IN EASTERN EUROPE.

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3. COMMENT. HINDALCO WILL BUY ANOTHER UNIT OF SIMILAR

SIZE FROM BHARAT HEAVY ELECTRICALS (BHEL), THE LARGE INDIAN PUBLIC SECTOR MANUFACTURER. ACCORDING TO BIRLA, APPROVAL FOR THE IMPORT WAS OBTAINED BECAUSE HINDALCO WAS ABLE TO CONVINCE THE GOI THAT AN IMPORTED PLANT COULD BE COMMISSIONED IN A MUCH SHORTER TIME (30 MONTHS VS. 52 MONTHS QUOTED BY BHEL). THE GOI AUTHORIZATION WILL REQUIRE STARTUP OF THE PLANT WITHIN 30 MONTHS OF THE DATE OF THE IMPORT LICENSE WITH PENALTY CLAUSE FOR MISSING THE DEADLINE. LOCAL REPRESENTATIVE FOR GE TOLD OUR CONSULATE IN BOMBAY THAT IT WAS UNLIKELY THAT GE COULD ACCEPT PENALTY CLAUSE OR GUARANTEE COMMISSIONING IN 30 MONTHS.SCHNEIDER

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